

June 11, 1999

Prospective Offerors:

**Subject: Amendment 1 to Final Request for Proposals (RFP)
#TIRNO-99-R-00035, ELECTRONIC TAX ADMINISTRATION (ETA)
PILOT OF ALTERNATIVE PAYMENT METHODS FOR INDIVIDUAL
INCOME TAX**

Attached is Amendment 1 to the Final RFP.

This amendment is being released to make some minor clarifications, simplify the evaluation process but emphasize the IRS's preference for proposals in the integrated filing and paying market segment, and add mandatory contract performance requirements.

The Final RFP remains unchanged except for the changes described in this Amendment.

Offerors are asked to acknowledge receipt of this Amendment in a cover letter to the proposal submitted in response to this RFP.

Please continue to monitor the IRS Procurement web page for any additional information.

Sincerely,

**Jeffrey P. Petrino
Contracting Officer**

Attachment

AMENDMENT # 1 **06/11/99**
TO
FINAL REQUEST FOR PROPOSALS (RFP)
#TIRNO-99-R-00035
for the
ELECTRONIC TAX ADMINISTRATION (ETA)
PILOT OF ALTERNATIVE PAYMENT
METHODS FOR INDIVIDUAL INCOME TAX

The purpose of this amendment is to: (1) identify an additional Revenue Procedure that is pertinent to electronic returns and include an additional requirement concerning accuracy rate of all transactions and access time for credit card transaction processing in Section C.1.3 Contract Requirements, (2) clarify the Government's intention concerning multiple awards in Section E.1.(g), (3) clarify proposal requirements in Section E.2.4.B Pilot Description, and (4) state a preference for the integrated filing and paying market segment and clarify the Step 3 procedures in Section E.3.2 Evaluation Process.

The closing time and date for receipt of all proposals for contracts whose base period covers the 2000 filing season remains unchanged at 4:00 p.m., Eastern Time, June 21, 1999.

Description of the Amendment:

- 1)** On page 7 of the RFP's Section C, the following addition is made in Section C.1.3(b).
Insert a 4th publication entitled "IRS e-file Program for Form 1040, Revenue Procedure 98-50."
- 2)** On page 7 of the RFP's Section C, the following addition is made in Section C.1.3:
 - (d) Performance Standards.
 1. The Contractor must provide an accuracy rate to the Government of 99% or higher for the data transmitted. One of the components of this measurement is the point the electronic data is received from the taxpayer through the Contractor's system and received electronically by the Government. The other component of the measurement is actions taken by the Contractor which may create errors in taxpayers accounts. Some examples of these actions are miscoding account information, misapplication, transmittal of partial or entire duplicate files, and duplication of account payments. In addition, the Contractor must have procedures in place for insuring that verbal transactions with taxpayers are as accurate as electronic transactions.

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2. The Contractor providing credit card transaction-processing must allow taxpayer access 95% of the time or more (total number of customers accessing the contractor's credit card network on the first attempt/total number of attempts).
- 3) On page 3 of the RFP's section E, the following sentence in Section E.1(g) Multiple Awards is deleted: "However, only one contract may be awarded for the pay-by-phone approach." The reason for this deletion is that the IRS may award more than one such contract for pilots beginning in Filing Season 2001 subject to the evaluation process described in Section E.3.2.
- 4) The following two sentences in Section E.2.4.B.1, in the last paragraph on page 6 of the RFP's Section E, are deleted: "These solutions will interface with existing IRS and Treasury Financial Agents' systems and may not require system changes. Moreover, new entity validation processes and other solutions dependent on IRS database queries will not be accepted for contracts to begin with a filing season 2000 pilot." The reason for this deletion is to remove any implication that pay-by-phone proposals may not require system changes. This does not change the stated mandatory requirement in E.2.4.B.1 that pay-by-phone proposals will not be accepted for contracts to begin with a filing season 2000 pilot. Nor does it change the following note on page 8 of Section E in Section E.2.4.B.12, which is also a mandatory requirement: "Proposals for contracts to begin with filing season 2000 must not require any changes to IRS's or Treasury Financial Agents' systems or procedures during any time in the contract period of performance including all option periods."
- 5) The first paragraph in Section E.2.4.B.1, on page 7 of the RFP's Section E is revised as follows: "Proposals for contracts to begin with a filing season 2001 pilot may include more than one payment type. For example, a contract base period 2001 proposal may target Form 1040 series filers, Form 1040ES filers, and Form 4846 filers. These solutions will interface with existing IRS and Treasury Financial Agent systems and may require system changes."
- 6) The following sentences are added to Section E.2.4.B.3, in the last paragraph on page 7 of the RFP's Section E: "New entity validation processes and other solutions dependent on IRS database queries will not be accepted for contracts to begin with a filing season 2000 pilot. This is a mandatory requirement."

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- 7)** In Section E.3.2 Evaluation Process, Step 3 on page 12 of the RFP's Section E is revised as follows to simplify the final evaluation and source selection process and to implement the statement made at the pre-proposal conference concerning the Government's preference for integrated filing and payment proposals.

Step 3

"The selection of responsive, responsible offeror(s) with highly rated proposal(s) for pilots beginning in Filing Season 2000 and separately for those beginning in Filing Season 2001 will be done as follows:

Each of the most highly rated proposals from Step 2 will be separated into the two proposal market segments: (1) integrated filing and paying and (2) stand-alone payment. The Government will assign 10 additional points to each of the proposals in the integrated filing and paying market segment. Proposals shall then be selected for contract award in descending order starting with the proposal scored the highest in this Step 3. However, because of the Government's preference for integrated filing and paying proposals, such a proposal will be selected before a stand-alone payment proposal in the event of an identical score. The Government's intent is to award the maximum number of contracts that the IRS can accommodate in terms of its resources and staff for Filing Season 2000, and also in terms of system and procedural changes for Filing Season 2001. There is an anticipated maximum of three new contracts for pilots beginning in Filing Season 2000 and three new contracts for pilots beginning in Filing Season 2001. At least one new contract for a pilot beginning in Filing Season 2001 is expected to be a pay-by-phone solution within the stand-alone payment market segment. There is no guarantee of a minimum number of contract awards in either market segment."

- END OF AMENDMENT-